

FREIGHT LINKS EXPRESS HOLDINGS LIMITED
(Company Registration Number 198600061G)

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 898,454,989
WARRANTS IN CONJUNCTION WITH THE PROPOSED US\$30 MILLION FUND-RAISING
EXERCISE OF THE COMPANY**

Introduction

The board of directors (the "**Directors**") of Freight Links Express Holdings Limited (the "**Company**") wishes to announce that the Company is proposing a renounceable non-underwritten rights issue (the "**Warrants Issue**") of up to 898,454,989¹ warrants ("**Warrants**") at an issue price of S\$0.01 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share of S\$0.01 each in the capital of the Company ("**New Share**") at an exercise price of S\$0.05 for each New Share, on the basis of one (1) Warrant for every two (2) existing ordinary shares of S\$0.01 each in the capital of the Company ("**Shares**") held by shareholders of the Company ("**Shareholders**") as at a time and date at and on which the Register of Members and the Transfer Books of the Company will be closed to determine the provisional allotments of Warrants under the Warrants Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded.

The Warrants Issue is made in conjunction with the proposed US\$30 million fund-raising exercise (the "**Debt Issue**") of the Company, which is currently contemplated to be by way of a combination of a transferable loan facility ("**TLF**") and the issue by the Company of Floating Rate Notes ("**FRN**"). The key commercial terms of the TLF and the FRN will be substantially the same, with the maturity date of both falling 3 years from drawdown/issue.

The Debt Issue is subject to its terms and conditions being finalised among the parties thereto and to the satisfaction of a number of conditions precedent including, *inter alia*, the Warrants Issue proceeding (in this connection, an Offer Information Statement relating to the offer of Warrants (the "**Offer Information Statement**") must be lodged with the Monetary Authority of Singapore (the "**MAS**")) and the submission of any other necessary documents to the relevant authorities.

The Company has appointed UOB Asia Limited as the manager of the Warrants Issue (the "**Manager**") and Standard Chartered Bank ("**SCB**") and United Overseas Bank Limited as the Joint Lead Arrangers for the Debt Issue.

As at the date of this announcement, the Company has an authorised share capital of S\$100,000,000 divided into 10,000,000,000 Shares, of which 1,793,569,784 Shares have been issued and are fully paid up.

¹ This number is based on the enlarged issued share capital of the Company of 1,796,909,978 Shares, assuming that all the 3,340,194 outstanding share options issued pursuant to the Freight Links Express Holdings Limited Executives' Share Option Scheme (the "**Scheme**") are exercised before the Books Closure Date. Based on the existing issued share capital of the Company of 1,793,569,784 Shares, the number of Warrants to be issued is 896,784,892.

Proposed Principal Terms of the Warrants Issue

The Company is proposing the Warrants Issue at an issue price of S\$0.01 for each Warrant to Shareholders whose registered addresses with The Central Depository (Pte) Limited (the "**CDP**") are in Singapore as at the Books Closure Date, or who have, at least five (5) market days prior to the Books Closure Date, provided to CDP, addresses in Singapore for the service of notices and documents. The Warrants Issue will be made on the basis of one (1) Warrant for every two (2) Shares held by the Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Offer Information Statement to be issued by the Company in connection with the Warrants Issue and its accompanying documents have not been and will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who had not, at least five (5) Market Days prior to the Books Closure Date, provided to CDP, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**"). If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotment of the Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on Singapore Exchange Securities Trading Limited ("**SGX-ST**") as soon as practicable after dealings in the provisional allotment of Warrants commence. Fractional entitlements to the Warrants will be disregarded in arriving at Shareholders' allotments and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications for Warrants (if any) or otherwise disposed of or dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company.

The Warrants will be issued in registered form and will be traded on a book-entry (scripless) settlement basis on the SGX-ST upon the listing and quotation of the Warrants on the SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each Warrant will, subject to the terms and conditions to be set out in an instrument by way of a deed poll constituting the Warrants (the "**Instrument**"), carry the right to subscribe for one (1) New Share at the exercise price (the "**Exercise Price**") of S\$0.05, at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date falling two years and eleven months after the date of issue of the Warrants (the "**Expiration Date**"), unless such date is a date on which the Register of Shareholders of the Company is closed or is not a day on which the SGX-ST is open for securities trading ("**Market Day**"), in which event the exercise period shall end on the date prior to the closure of the Register of Shareholders of the Company or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warrant holders may be closed pursuant to the terms and conditions of the Warrants as set out in the Instrument. The Warrants which have not been exercised after the Expiration Date shall lapse and cease to be valid for any purpose.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Instrument. The New Shares allotted and issued upon the exercise of the Warrants shall be fully paid and shall rank for any dividends, rights, allotments or other distributions, the record date for which is on or after the relevant date of exercise of the Warrant and shall rank *pari passu* in all respects with the then existing Shares.

Based on the existing issued share capital of the Company of 1,793,569,784 Shares, 896,784,892 Warrants will be issued pursuant to the Warrants Issue. The terms and conditions of the Warrants Issue are subject to such changes as the Directors, after consultation with the Manager, may deem fit. The final terms and conditions of the Warrants Issue will be contained in the Offer Information Statement. As the Debt Issue is subject to negotiation and finalisation of the relevant documents, the Warrants Issue will only proceed upon such finalisation.

Purpose of the Warrants Issue and the Debt Issue

Based on the issue price of S\$0.01 for the Warrants, the estimated amount of the proceeds from the Warrants Issue after deducting the estimated amount of expenses incurred in connection with the Warrants Issue, is expected to be approximately S\$8.5 million, which is intended to be utilised for the repayment of the debt obligations of the Company and its subsidiaries (the "**Group**"). Proceeds from the exercise of the Warrants would be placed in an escrow account (which will be charged to the appointed trustee) and will be applied towards the payment of amounts due under the Debt Issue.

The Company intends to use the proceeds of the Debt Issue for the following purposes:-

- (i) to repay the Group's existing debt obligations;
- (ii) for acquisitions and investments by the Group; and
- (iii) for the Group's general working capital purposes.

Irrevocable Undertaking

To demonstrate its commitment to the Company, Vibrant Capital Pte. Ltd. ("**Vibrant Capital**"), the major shareholder of the Company which beneficially owns 1,080,891,591 Shares representing 60.26% of the existing issued share capital of the Company as at the date of this announcement, has given an irrevocable undertaking ("**Irrevocable Undertaking**") that it will, *inter alia*:-

- (a) purchase or cause to be purchased all the Warrants representing Vibrant Capital's Warrant allotments under the Warrants Issue, based on its beneficial ownership of Shares as at the Books Closure Date (amounting to 540,445,795 Warrants);
- (b) make excess applications and/or procure that excess applications will be made for the remaining balance of Warrants (namely the total number of Warrants to be issued under the Warrants Issue less the number of Warrants referred to in paragraph (a) above) to be issued under the Warrants Issue (amounting to up to 358,009,194² Warrants);
- (c) subject to the paragraph below, prior to the Books Closure Date, not without the prior written consent of the Company, the Manager and SCB, sell, transfer or otherwise dispose of all or any of its beneficial interest in the 1,080,891,591 Shares it currently beneficially owns; and
- (d) use its best endeavours to procure that the Company complies with the applicable rules of the SGX-ST.

Vibrant Capital is not prohibited from creating security over its Shares for purposes of borrowing moneys to fund the acquisition of Warrants or otherwise to comply with its obligations under the Irrevocable Undertaking, provided that Vibrant Capital retains all beneficial ownership of the 1,080,891,591 Shares from the date of the Irrevocable Undertaking until the Books Closure Date.

² This number is based on the enlarged issued share capital of the Company of 1,796,909,978 Shares, assuming that all the share options issued under the Scheme are exercised before the Books Closure Date. Based on the existing issued share capital of the Company of 1,793,569,784 Shares, the number of Warrants that are subject to Vibrant Capital's undertaking is 896,784,892 including application for 356,339,097 excess Warrants.

In addition to the above, Vibrant Capital has undertaken to indemnify the Company, the Manager and SCB in the event that any of them suffer(s) loss as a result of a breach of the Irrevocable Undertaking.

Eric Khua Kian Keong, the 51% shareholder of Vibrant Capital, has also undertaken in the Irrevocable Undertaking, to remain the legal and beneficial owner of his 51% shareholding in Vibrant Capital from the date of the Irrevocable Undertaking until the completion of the Warrants Issue. In addition, he has undertaken not to enter into any agreements or transactions whereunder an encumbrance (including any charge, mortgage, security, lien or option) over his said shares in Vibrant Capital would be created.

In view of the Irrevocable Undertaking, the Company has decided to proceed with the Warrants Issue on a non-underwritten basis.

Approvals

The Warrants (and the New Shares to be issued pursuant to the exercise thereof) will be issued pursuant to a general mandate of the Shareholders, granted at its Annual General Meeting on 30 August 2005.

The Warrants Issue is subject to, *inter alia*, the in-principle approval of the SGX-ST for the listing of and quotation for the Warrants and the New Shares on the SGX-ST and the lodgment of the Offer Information Statement with the MAS. An application will be made to the SGX-ST for the listing of and quotation for the Warrants and the New Shares on the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

By Order of the Board
Freight Links Express Holdings Limited

Eric Khua Kian Keong
Executive Director & CEO

Singapore, 28 October 2005